

# Shagrir Group Vehicle Services Ltd. (the “Company”)

To  
The Securities  
Authority [www.isa.gov.il](http://www.isa.gov.il)  
To Whom It May Concern,

To  
Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)  
To Whom It May Concern,

July 13, 2016

## Re: Notice of Convening an Annual General Meeting of the Company

The Company hereby announces the convening of an annual meeting of the Company's shareholders (the “**Meeting**”), which will be held on Thursday, August 18, 2016, at 2:00 PM at the Company's offices on 8 Hanefach Street, Holon (the “**Company's Offices**”).

### Matters on the Agenda of the Meeting:

1. It is proposed to re-appoint Mr. Yossi Ben Shalom as director.
2. It is proposed to re-appoint Mr. Nir Cohen as director.
3. It is proposed to re-appoint Ms. Kineret Yaari as director.
4. It is proposed to appoint Mr. Shai Cohen as an independent director.
5. It is proposed to appoint Mr. Haim Dvir as director.

Messrs. Yossi Ben Shalom, Nir Cohen, and Kineret Yaari, will be hereinafter jointly: the “**Incumbent Directors.**”

Messrs. Shai Cohen and Haim Dvir, will be hereinafter jointly: the “**Candidates to Serve as Directors.**”

For the details required regarding the Incumbent Directors under Article 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “**Reporting Regulations**”), the Company refers to Section 7.1 of the Company's Prospectus, which was published on May 27, 2016 (reference no.: 2016-01-035664) (the “**Prospectus**”). For details regarding the candidates for service as directors under Article 26 of the Regulations, see Section 7.4 below.

In accordance with the provisions of Section 224b of the Companies Law, 5759-1999 (the “**Companies Law**”), each of the Incumbent Directors and Candidates to Serve as Directors has declared his fitness to serve as a director, and that he has the ability to devote the proper time required to carry out his duties. In addition, the director Mr. Shai Cohen declares that the conditions set forth in the Companies Law regarding his classification as an independent director are fulfilled.

The declarations of the Incumbent Directors and the Candidates to Serve as Directors are attached to this Report as **Appendix A**.

The Candidates to Serve as Directors are entitled to the director remuneration as set forth in Section 7.3 below.

6. **Re-appointment of the Auditor of the Company**

It is proposed to re-appoint the Company's current auditor, Kost Forer Gabbay & Kasierer (EY) - Accountants, until the Company's next annual meeting. In addition, the board of directors will provide a report regarding the wages of the auditor and additional services provided to the Company, if any.

7. **Appointment of Outside Directors of the Company**

7.1. It is proposed to appoint Ms. Lian Goldstein ("**Ms. Goldstein**") and Mr. Yaron Dor ("**Mr. Dor**") to serve as outside directors of the Company for a period of three years as of August 18, 2016 (the meeting date). The declarations of fitness of Messrs. Goldstein and Dor, in accordance with the provisions of Section 241 of the Companies Law, whereby each of them meet the conditions required for appointment of each of them as an outside director, are attached to this Immediate Report as **Appendix B**.

7.2. The Company's board of directors has determined in its meeting, on the basis of the declarations of Messrs. Goldstein and Dor attached to this Report that in light of their education, experience and skills, Messrs. Goldstein and Dor have accounting and financial expertise in accordance with the conditions and tests determined in the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Fitness), 5766-2005.

7.3. The annual and participation compensation (the "**Director Compensation**") that will be paid to each of Messrs. Goldstein and Dor will be in the "fixed" amount, based on the Company's ranking, as stated in the Companies Regulations (Rules Regarding compensation and Expenses to an Outside Director), 5760-2000. The compensation proposed is identical to the Director Compensation that will be paid to the other directors of the Company (excluding the directors serving as defined above<sup>1</sup>) and is consistent with the Company's remuneration policy.

7.4. The following are additional details listed in Article 26 of the Reporting Regulations regarding the Candidates to Serve as Directors and the candidates for outside

---

<sup>1</sup> On the date of the Report, the Incumbent Directors, as defined above, serve as officers of the Company's controlling shareholder, DBSI Investments Ltd., and do not receive any compensation for their service as directors of the Company.

directors:

	<b>Lian Goldstein</b>	<b>Yaron Dor</b>	<b>Shai Cohen</b>	<b>Haim Dvir</b>
<b>Identity Number:</b>	032254039	56515794	059832989	058610239
<b>Date of Birth:</b>	28.1.1975	28.8.1960	10.9.1967	10.12.1963
<b>Address for service of legal process:</b>	8 Hanefach Street, Holon 5881804			
<b>Citizenship:</b>	Israeli			
<b>Membership in Board of Directors committees:</b>	Will be appointed (subject to approval of meeting to the appointment) as a member of the Audit, Remuneration, and Balance Sheet Committees			No
<b>Independent/outside director</b>	Outside director	Outside director	Independent director	No
<b>Does he have accounting and financial expertise or professional qualifications?</b>	Accounting-financial expertise	Accounting-financial expertise	No	Accounting-financial expertise
<b>Is he an employee of the Company, a subsidiary, related company, or have an interest therein?</b>	No	No	No	Yes, manager of the Gandy Group (Gandy Holdings Ltd., which is an interested party in a company belonging to this Group).
<b>Education:</b>	B.A. in Business Administration (majoring in Accounting) and MBA (specializing in Finance and Accounting) from the College of Management (Rishon Lezion)	Graduate in Economics and Accounting from Haifa University, an MBA from the University of HATIOT WATT, completed a directors course at Tel Aviv University	Graduate in Business Administration and Computer Science and MBA, specializing in finance and entrepreneurship from the Hebrew University	Graduate in Economics and Accounting and MBA from Bar Ilan University
<b>Business experience in the last five years:</b>	Currently provides consulting and financial management services on an outsourced basis, outside director of User Trend Ltd., formerly - CFO of a variety of companies - WorldMate, Magen Security Systems, Lee Cooper, Johnson & Johnson.	Currently - CEO of Cycling Union and director of Regba Furniture, formerly VP of Business Development of SuperPharm, CEO of New-Pharm, CEO of Best Buy, VP of Shufersal.	Currently - independent consultant for startup and hi-tech companies, formerly developer, co-founder, and manager of MY4t and VP of Cloud Products, head of Cloud Division and SaaS at Attunity Ltd.	Licensed CPA, financial and tax consultant to various companies, director of the public company Shemen Industries Ltd. and Pituach Moshe Ltd., Israel Vasco Electrical Energy Services Ltd., Dvir Life Consultants Ltd, K.b. Recycling Industries Ltd.
<b>Familial relationship to interested party:</b>	No	No	No	No

**For the avoidance of doubt, it is clarified that the vote regarding the appointment of each of the Incumbent Directors, Candidates to Serve as Directors and candidates for outside directors, will be held separately.**

8. Discussion of Financial Statements for the year ending December 31, 2015

Discussion of the Company's Financial Statements for the year ending December 31, 2015 (attached to the Prospectus, as defined above).

**Additional Details of the Meeting**

9. **Majority required:**

9.1. The majority required to pass the resolutions listed in Sections 1 through 6 (inclusive) above is a majority of the shareholders participating in the vote.

9.2. The majority required to approve the resolutions in Section 7 above is as stated in Section 239(b) of the Companies Law, whereby a majority of votes of the shareholders present and participating in the vote is required, provided that one of the following is met:

9.2.1. A majority of votes cast at the General Meeting by those participating in the vote includes a majority of the votes of shareholders who are not the controlling shareholders in the Company or have a personal interest in the approval of the appointment other than a personal interest which is not a result of their relationship with the controlling shareholder; in counting all votes of shareholders abstentions shall not be taken into account; parties with a personal interest shall be subject to the provisions of Section 14.3.1 below.

9.2.2. The total of opposing votes among the shareholders described in Section 9.2.1 above will not exceed a rate of 2% of all of the voting rights in the Company.

The rate of holdings of DBSI Investments Ltd., the controlling shareholder of the Company, does not grant it the majority required to approve the resolutions on the meeting agenda.

10. **Effective Date**

In accordance with Section 182(c) of the Companies Law, any party that is a shareholder of the Company on the end of the trading day on July 20, 2016 will be entitled to participate in the meeting and vote on their own or through an agent or voting ballot or

through a vote on the electronic system, in accordance with an subject to Section 13 below. The letter of appointment of a proxy or a copy thereof, certified by an attorney, to the satisfaction of the board of directors or party authorized thereby, will be provided to the Company's offices at least 48 hours before the effective date for the commencement of the meeting or the adjourned meeting, as applicable, subject to provide of its ownership of shares in accordance with the Companies Regulations (Proof of Ownership of Shares for Voting in a General Meeting), 5760-2000.

11. **Legal quorum**

A discussion in the general meeting will not commence without the presence of at least two (2) shareholders holding at least twenty five percent (25%) of the voting rights in the Company, whether on their own or by an agent, through voting in the electronic voting system or through a written ballot in accordance with the provisions of the Companies Law (a "**Legal Quorum**"), within half an hour from the time scheduled for the meeting to commence, unless determined otherwise in the Company's articles of association. In the event that a Legal Quorum is not present at the end of half an hour from the time schedule for the commencement of the meeting, the meeting will be adjourned by seven (7) days, and will be held on Thursday, August 25, 2016, at the same time and in the same place (the "**Adjourned Meeting**"). If there is no Legal Quorum in the Adjourned Meeting within half an hour from the date scheduled for the meeting to commence, the Adjourned Meeting will be held with any number of participants.

12. **Option for Adding Items to the Meeting Agenda**

12.1. One or more shareholders that holds at least one percent of the voting rights at the general meeting may subject a request to the Company's board of directors in accordance with Section 66(b) of the Companies Law, to include a topic on the agenda of the meeting by July 20, 2016.

12.2. In the event that the Company's board of directors has determined that a matter that was requested to be included on the agenda as stated in Section 12.1 above is fit to be discussed in the general meeting, the Company will published an updated voting ballot on the Distribution Site (as defined in Section 13.1 below), by July 27, 2016.

13. **Written Ballot, Position Statements and Electronic Voting**

13.1. The vote regarding the resolutions on the agenda listed above may be executed via voting ballot. The text of the voting ballot and position statements (if any), as defined in Section 88 of the Companies Law, may be reviewed on the distribution website of

the Securities Authority at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and the website of the Tel Aviv Stock Exchange Ltd. at [www.tase.co.il](http://www.tase.co.il) (the “**Distribution Site**”).

- 13.2. A shareholder may contact the Company directly and receive the wording of the voting ballot and position statements (if any). The vote will be performed on the second part of the voting ballot, as published on the Distribution Site. The Stock Exchange Member will send a link to the text of the ballot and the position statements on the Distribution Website by email, free of charge, to any shareholder who is not registered in the shareholder registry and whose shares are registered with that same member of the Stock Exchange (an “**Unregistered Member**”), unless the shareholder gave notice that he is not interested in receiving such link and provided that the notice was given regarding a specific securities account and on a date prior to the effective date. A shareholder whose shares are registered with a Stock Exchange Member is entitled to receive confirmation of ownership from the Stock Exchange Member through which he holds his shares, at a branch of the Stock Exchange Member through which the shares are held, at the branch of the Stock Exchange Member or via mail to his address, in consideration for the cost of postage alone, if he so requests, and a request in this regard will be provided in advance for a specific securities account.
- 13.3. The deadline for providing position statements by a shareholder of the Company is August 8, 2016;
- 13.4. The deadline for providing position statements by the Company’s board of directors is August 13, 2016;
- 13.5. The deadline for delivering the written ballots is four hours before the meeting date.

#### 14. **Electronic Voting**

- 14.1. An unregistered shareholder may vote through a voting ballot provided to the Company on the electronic voting system, all in accordance with and subject to the conditions set forth in the Companies Regulations (Voting Ballot and Position Statements), 5766-2005 (the “**Voting Regulations**” and the “**Electronic Voting**,” respectively). An unregistered shareholder may show that the Confirmation of Ownership was transferred to the Company through the electronic voting system.
- 14.2. In accordance with and subject to the conditions set forth in the Voting Regulations and the instructions of the Securities Authority in this regard, electronic voting will be possible until six hours before the date on which the meeting convenes (the

“**System Closing Time**”). It is clarified that in accordance with the provisions of the Voting Regulations, the electronic vote may be changed or cancelled by the System Closing Time, and cannot be changed through the system after this time.

14.3. **Notice of a Personal Interest and Additional Information Required under the Voting Regulations**

14.3.1. Under Section 276 of the Companies Law, before a vote in the resolutions listed in Section 7 above, on the agenda of the meeting, each shareholder wishing to participate in the vote shall notify the Company before the vote as to whether or not the shareholder has a personal interest in the resolution as stated. If a shareholder did not provide notice as aforesaid regarding the same resolution, he shall not vote and his vote will not be counted regarding the same resolution.

14.3.2. In addition, in accordance with the Voting Regulations, each shareholder wishing to participate in the vote will be required to notify the Company, including by way of indicating in the designated place on the voting ballot and/or power of attorney and/or electric voting system as to whether or not it is an interested party, senior officer, or institutional investor of the Company.

15. **Review of documents**

The shareholders of the Company may review, at their request, any document related to convening the meeting at the subject of this Immediate Report at the offices of the Company, on Sunday-Thursday on business days between 10:00 AM and 4:00 PM, by appointment with Ms. Revital Avrahami (tel.: 03-5578877) and on the Distribution Site.

Respectfully,

Shagrir Group Vehicle Services  
Ltd.

Signed by Revital Avrahami, CFO of the Company